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JUG MOUNTAIN RANCH

MCCALL, IDAHO

SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1

Recording Requested By and When Recorded Return to:

Millemann, Pittenger, McMahan & Pemberton, LLP

706 North First Street

P.O. Box 1066

McCall, Idaho 83638

**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1**

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**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1**

This Supplemental Declaration is made this _____ day of _____, 2004, by Jug Mountain Ranch LLC, an Idaho limited liability company.

ARTICLE 1. Introduction & Purpose

1.1 This Supplemental Declaration (a) is filed pursuant to Section 7.1 of the General Declaration for Jug Mountain Ranch (the "General Declaration") recorded May 24, 2004 as Instrument No. 283340 with the Valley County, Idaho Recorder, as may be amended; and, (b) affects only Phase 1 Stage 1 of Jug Mountain Ranch, according to the recorded plat thereof, which is defined and described at Section 2.3 below, and any amendments thereto (the "Affected Property").

1.2 The purposes of this Supplemental Declaration are to annex the Affected Property into Jug Mountain Ranch, to set forth additional covenants and conditions with respect to the use, density and design of improvements on the Affected Property, in order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Affected Property and Jug Mountain Ranch.

ARTICLE 2. Definitions

2.1 Lot: Each parcel of real property reflected on the Phase 1 Stage 1 Plat as a Lot which may be independently owned and conveyed.

2.2 Affected Lots: Block 1, Lots 56 through 88; and, Block 2, Lots 45, 45A, and 46 through 55.

2.3 Phase 1 Stage 1 Plat: That certain plat recorded November 30, 2004 as Instrument No. 289988 with the Valley County, Idaho Recorder and entitled "Jug Mountain Ranch Planned Unit Development Phase 1 Stage 1", and as the same may be amended.

2.4 Supplemental Declaration: This Supplemental Declaration as may be amended and supplemented.

2.5 The Lake: The term "the Lake" as used herein shall refer to Jussila Bow Reservoir.

2.6 The Lakeside Boundary Line: The term "the Lakeside Boundary Line" as used herein shall refer to the boundary line adjacent to the Lake for those Lots and Common Open Spaces which are located adjacent to the Lake.

2.7 Living Unit: One or more rooms designed for or which may readily be occupied exclusively by one family or group of people living independently from any other family or group of people, and having not more than one Cooking Facility.

2.8 Single Family Structure: A building which contains one Living Unit.

2.9 Primary/Secondary Structure: A building which contains two Living Units, one being for Guests, which Living Units cannot be separately sold, rented or leased. The Secondary Unit must be attached to the Primary Unit.

2.10 Attached Garage: An Attached Garage is a garage which is attached directly to a Living Unit. A garage which is attached to a Living Unit by a breezeway or some other covered but unenclosed outdoor route shall be considered an Attached Garage. A Detached Garage, which may not contain a Living Unit, is a garage which is not attached.

2.11 Cooking Facility: Fixtures and equipment for food storage and preparation of meals, including at least a sink, oven and refrigerator.

2.12 Building Improvements: Any material improvement of any of the Affected Property including, but not limited to landscaping, site preparation, paving, fencing, building construction, exterior changes, or interior changes which change the use of interior space to an unauthorized use or which would change the number of Living Units.

2.13 Other: Other capitalized terms used herein shall have the meaning set forth in the General Declaration or in this Supplemental Declaration.

ARTICLE 3. Annexation of Phase 1 Stage 1 Into Jug Mountain Ranch

3.1 Annexation: Declarant hereby annexes the Affected Property into Jug Mountain Ranch pursuant to Section 10.1 of the General Declaration.

3.2 Incorporation and Adoption of General Declaration: All covenants, restrictions and provisions of the General Declaration are hereby incorporated by reference, adopted, and declared to be applicable to and binding upon the Affected Property.

ARTICLE 4. Jug Mountain Ranch Association and Neighborhood Designation

4.1 Ranch Association Membership: Except as otherwise provided at Article 5, each Owner of an Affected Lot shall be a Class A Residential member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws.

4.2 Neighborhood Designation: At Article 13 of the Bylaws, Declarant created the Residential Home Site Neighborhood. Each Owner of an Affected Lot shall be a member of the Residential Home Site Neighborhood.

4.3 Declarant's Right to Reallocate Units Among Neighborhoods: Declarant shall have the right to create additional Neighborhoods, add Units to each Neighborhood, and to reallocate Units within each Neighborhood, pursuant to a Supplemental Declaration.

ARTICLE 5. Open Spaces

5.1 Designation of Open Spaces: Pursuant to Article 5 of the General Declaration, Open Space Parcels depicted on the Phase 1 Stage 1 Plat are designated as follows:

(a) **Golf Course:** The following Lots, which are marked "Golf Course" on the Phase 1 Stage 1 Plat, are part of the Golf Course and are Private Open Space: Block 1, Lots 89, 100 and 101.

(b) **Common Open Space Lot:** The following Lots, which are marked "Open Space" on the Phase 1 Stage 1 Plat, are Common Open Space: Block 1, Lots 90, 91, 92, 94 and 95; and, Block 2, Lots 97 and 98. Many of the Open Space Lots contain Wetlands, which are delineated on the Phase 1 Stage 1 Plat. These Wetlands are subject to regulation by the Army Corps of Engineers. Declarant reserves the right to expand these Wetlands, subject to review and approval from the Army Corps of Engineers.

(c) **Private Open Space Lot:** The following Lot, which is marked "Private Open Space" on the Phase 1 Stage 1 Plat, is Private Open Space: Block 1, Lot 93. Section 5.3 below describes covenants and conditions related to this Private Open Space lot, which is also known as Jussila Bow Reservoir.

The above-described Open Space parcels shall be managed and used in accordance with the Phase 1 Stage 1 Plat and the General Declaration.

5.2 Trails in Open Spaces: Declarant shall have the right to construct trails in any Golf Course, Open Space or Private Open Space Lot, to be used for such recreational uses as the Declarant shall designate, in Declarant's sole discretion, including but not limited to the following uses: pedestrian, bicyclists, and skiers, and the use of motorized equipment to maintain and prepare trails for the same. Declarant shall also have the sole discretion to identify allowable users of such trails. Declarant reserves the right to modify the location of any trails, and shall have the sole discretion to vacate or terminate the use or right of use of such trails.

5.3 Private Open Space – Jussila Bow Reservoir: Following are additional covenants and conditions related to the Block 1, Lot 93 Private Open Space ("Jussila Bow Private Open Space"):

(a) Declarant is currently the owner of the Jussila Bow Private Open Space. Declarant shall transfer the Jussila Bow Private Open Space to the Ranch Association, or to the Owner of the Golf Course, on or before the Conversion Date, together with the water rights associated with the Lake.

(b) Docks shall be permitted on Lots located adjacent to the Lake, upon approval by the DRC. Docks shall extend into the Lake no more than 25 feet, and shall be no more than a total of 300 square feet in size beyond the Lakeside Boundary Line. There shall be no vertical improvements on a dock beyond the Lakeside Boundary Line, such as gazebos or benches. Benches and flower pots shall be

allowed, upon approval by the DRC, on any decking or portion of a dock which is located on a Lot and not beyond the Lakeside Boundary Line.

(c) No Owner of a Lot adjacent to the Lake shall be allowed to make any improvements other than docks as described at Section 5.3(b), or place any fill, in the Jussila Bow Private Open Space without the prior written consent of the owner of the Jussila Bow Private Open Space, which consent can be refused for any reason.

(d) Only landscaping, inground patios, and other low lying improvements may be constructed within the Shoreline Maintenance Easement described at Section 6.4 below, upon approval of the DRC. Any improvements on a Lot which are located within the Shoreline Maintenance Easement which are damaged as the result of maintenance of the Jussila Bow Reservoir shall not be the liability of the owner of the Jussila Bow Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

(e) Use of the Lake:

- (i) There shall be no motorized use of any kind on the Lake, except as may be necessary for the Owner of the Lake for maintenance and repairs.
- (ii) Owners of Lots adjacent to the Lake and their guests may use non-motorized boats on the Lake during hours when the golf course is not open for play, to include row boats, kayaks, and canoes. Boats shall not be allowed for use by those who do not own a Lot adjacent to the Lake.
- (iii) All Owners and their guests may use flyfishing tubes in the Lake during hours when the golf course is not open for play.
- (iv) The entire Lake is in a golf hazard area. Therefore, there shall be no use of any flotation device or boat during the hours that the golf course is open for play. The Ranch Association, the Owner of the Jussila Bow Private Open Space, and/or Declarant shall have the authority to promulgate additional rules with regard to use of the Lake.
- (v) Any use of the Lake by any Owner or guest shall be completely at the risk of such Owner or guest; and, all Owners and guests shall be conclusively deemed to have waived in perpetuity any claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise, against Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the Jug Mountain Ranch Association, or any agent, employee, member, officer or director of any of the above-named stemming from or relating in any way to such Owner's or guest's use of the Lake or a dock located thereon.

(f) Maintenance and Upkeep of the Lake: The cost of maintenance and repairs to the Lake shall be shared as follows: The Owner of the Golf Course shall pay one half ($\frac{1}{2}$) the cost; the Owners of Lots adjacent to the Lake shall pay one fourth ($\frac{1}{4}$) the cost; and, all Owners in the Ranch Association shall pay one fourth ($\frac{1}{4}$) the cost. Such cost shall be assessed as a Local Maintenance Assessment pursuant to Section 9.3(c) of the Bylaws. "Maintenance and repairs" as used in this Section shall include all work reasonably necessary to maintain the Lake and its spillway in its current condition and in compliance with all applicable laws and regulations.

(g) Jug Mountain Ranch LLC, the current owner of the Jussila Bow Private Open Space, hereby covenants and agrees to make its best efforts to provide sufficient water to maintain the Lake at full pool, year round, subject to the availability of water to Jug Mountain Ranch LLC. Sufficient water rights are currently held by Jug Mountain Ranch LLC to comply with this covenant in normal water years. This obligation shall be transferred to the transferee of the Jussila Bow Open Space and associated water right at such time as they are transferred pursuant to Section 5.3(a) above.

(h) Declarant hereby grants to the owner of the Golf Course an easement over the Jussila Bow Private Open Space, as an Open Space which is subject to all easements described at Section 9.5 of the General Declaration.

5.4 Open Space – Block 1, Lot 91 Lakeside Common Area: Following are additional covenants and conditions related to the Block 1, Lot 91 Common Open Space ("Lakeside Common Area"):

(a) Declarant or the Ranch Association may construct a dock, which may extend into the Lake no more than 25 feet, and shall be no more than a total of 450 square feet in size beyond the Lakeside Boundary Line. There shall be no vertical improvements on a dock beyond the Lakeside Boundary Line, such as gazebos or benches. Benches and flower pots shall be allowed, upon approval by the DRC, on any decking or portion of a dock which is located on the Lakeside Common Area and not beyond the Lakeside Boundary Line.

(b) Declarant or the Ranch Association may construct picnic facilities on the Lakeside Common Area.

(c) There shall be no loud or boisterous activity on the Lakeside Common Area.

(d) The Ranch Association shall have the right to promulgate additional rules regarding the use of the Lakeside Common Area.

5.5 Open Space – Block 1, Lot 90 Golfside Common Area: Following are additional covenants and conditions related to the Block 1, Lot 90 Common Open Space (“Golfside Common Area”):

(a) Declarant or the Ranch Association may construct picnic facilities on the Golfside Common Area.

(c) There shall be no loud or boisterous activity on the Golfside Common Area.

(d) The Ranch Association shall have the right to promulgate additional rules regarding the use of the Golfside Common Area.

ARTICLE 6. Easements

6.1 Utility Easements: Declarant reserves the right to construct utilities and irrigation facilities within any Utility Easement, any road right of way, and any Open Space Parcel which is depicted on the Phase 1 Stage 1 Plat, and to grant easements for the repair and maintenance of any such utility or irrigation facility. Additionally, snow may be placed within any Utility Easement abutting a road, for the placement of snow plowed, blown or otherwise cleared from driveways, roads, or Open Space. No Building Improvements shall be constructed within any Utility Easement other than utility or irrigation-related improvements, or as may be permitted pursuant to the Design and Development Guidelines. All Utility Easements are reserved in perpetuity.

6.2 Drainage Easement: The Drainage Easement depicted on the Phase 1 Stage 1 Plat on Block 2, Lots 50 and 51 is reserved for the Ranch Association, for drainage through the aforementioned parcels. There shall be no improvements constructed in the Drainage Easement.

6.3 Driveway Easements:

(a) Following are the driveway easements shown on the Phase 1 Stage 1 Plat:

(i) Block 2, Lots 45, 48, 45A, 46 and 47. Owners of all such Lots shall have the right to use this Driveway Easement, including the Owners of Lots 45 and 48 which front the road. In the event that the Owners of Lots 45 and 48 utilize the Driveway Easement to access their lots, they shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if they access their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(ii) Block 2, Lots 52, 55, 53 and 54. Owners of all such Lots shall have the right to use this Driveway Easement, including the Owners of Lots 52 and 55 which front the road. In the event that the Owners of Lots 52 and 55 utilize the Driveway Easement to access their lots, they shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if they access their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(iii) Block 1, across Lot 75. The owner of Lot 75, upon which the easement exists, and the owners of Lots 76 and Lot 74 shall have the right to use this Driveway Easement. In the event that the Owner of Lot 74 utilizes the Driveway Easement to access Lot 74, such Owner shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if the Owner of Lot 74 accesses their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(b) All Driveway Easements shall be paved by the Declarant at or before the time that an occupancy permit is granted for any Lot with use of the Driveway Easement.

(c) Users of Driveway Easements must maintain them at their own expense, in good condition. All Users of a Driveway Easement shall share equally in the cost of maintenance of a Driveway Easement, beginning with that date upon which a Building Permit is issued for the construction of a home on a Lot. Therefore, no contribution shall be required from any Owner who has not yet obtained a Building Permit.

(d) Any damage to a Driveway Easement incurred due to construction shall be repaired at the expense of the Owner doing the construction.

(e) Users of a Driveway Easement who are unable to obtain reimbursement for expenses of maintenance from another user of the Driveway Easement shall have the right to request that the Ranch Association assess a Compliance Assessment against the nonpaying Owner, which the Ranch Association shall assess in its discretion.

6.4 Shoreline Maintenance Easement: The Owner of the Jussila Bow Private Open Space, or its assigns, shall have the right to maintain the shoreline of Jussila Bow Reservoir. No improvements shall be constructed within the Shoreline Maintenance Easement, as shown on the Phase 1 Stage 1 Plat, except as permitted pursuant to Section 5.3 above. Motorized equipment may be utilized to the extent necessary to properly maintain the Shoreline Maintenance Easement, in the discretion of the owner of the Jussila Bow Private Open Space. Any improvements on a Lot which are located within the Shoreline Maintenance Easement which are damaged as the result of maintenance of the Jussila Bow Reservoir shall not be the liability of the owner of the Jussila Bow Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

6.5 Golf Easement: The Owner of the Golf Course shall have an easement to use the Golf Easement shown on the Phase 1 Stage 1 Plat for any use reasonably related to Golf. Said Golf Easement crosses the Jussila Bow Private Open Space (Block 1, Lot 93) and the Block 1, Lot 95 Common Open Space. Improvements within the Golf Easement shall be maintained by the Owner of the Golf Course.

ARTICLE 7. Roads and Utilities

7.1 Roads: Pursuant to that certain Owner's Declaration of Roads For Jug Mountain Ranch, Phase 1 Stage 1 ("Declaration of Private Roads"), recorded with the Valley County Recorder, with the exception of Ashton Lane, which is public, all roads which are depicted on the Phase 1 Stage 1 Plat (including, but not limited to, those roads which are labeled as "Drive", "Place", or "Court") are private roads and shall permanently remain private roads. Said private roads are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to the terms, conditions, and reserved Declarant's rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members' right of use as aforesaid. As provided in the General Declaration and the Declaration of Private Roads, the Ranch Association shall be responsible for the maintenance and repair of the above-described private roads.

7.2 Utilities: The Water System and Sewer System described in the General Declaration will be installed for use by all members in the Phase 1 Stage 1 Property, and will be completed prior to the closing of each Lot sale. Block 1, Lot 99 is reserved for a lift station, which is part of the Sewer System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.1 of the General Declaration. Block 1, Lot 96 is reserved for a well, which is part of the Water System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.2 of the General Declaration.

ARTICLE 8. Limitation of Building Improvements

8.1 Affected Lots: Affected Lots may not contain any Building Improvements except:

- (a) A Single Family Structure or a Primary/Secondary Structure; and,
- (b) A garage of a size and at a location approved in writing by the DRC, which may be attached or detached; and,
- (c) Such fences, walls, driveways and parking areas as may be approved in writing by the DRC; and,
- (d) Landscaping improvements approved in writing by the DRC; and,

- (e) Such other improvements as may be approved in writing by the DRC.

Maximum and minimum square footages are defined in the Design and Development Guidelines.

ARTICLE 9. Use of Platted Lots

9.1 Single Family Residential Use: The Affected Lots shall be used only for single family residential purposes with customary accessory uses, except as permitted under Section 9.4. Customary accessory uses shall include but not be limited to long or short term rentals to persons who use such improvements for residential or lodging purposes, as restricted by the terms of Section 6.17 of the General Declaration.

9.2 No Further Division: No Owner of any Affected Lot may apply to Valley County, Idaho, or any governmental jurisdiction to further divide any Affected Lot, except that Declarant may further divide an Affected Lot, or adjust lot lines between Affected Lots, prior to sale of such Affected Lot(s), as approved by Valley County.

9.3 Condominiums: No Owner of any Affected Lot shall dedicate or submit such Owners' Lot to a condominium form of ownership.

9.4 Home Office: An Affected Lot may also be used for a Home Office, only if the Ranch Association has issued a written permit for such activity. The Ranch Association may refuse to issue a permit in its sole and absolute discretion, if, in the Ranch Association's reasonable judgment, such activity would:

- (a) create additional vehicular traffic to or from such Lot;
- (b) employ persons at such lot other than those residing at such Lot;
- (c) require storage of any significant materials, machinery, inventory or other items on such Lot;
- (d) require processing of materials into finished products or the assembly of parts produced off site;
- (e) require additional parking at such lot, whether for customers, delivery or otherwise;
- (f) be incompatible with the quiet enjoyment of the surrounding Lots by such Lots' Owners; or,
- (g) otherwise violate the provisions of Article 7 or 8 of the General Declaration.

Any such permit shall be issued for such period and upon such terms as the Ranch Association, in its sole discretion, deems reasonable.

ARTICLE 10. Building Guidelines

10.1 All Building Improvements on any Affected Lot must be built strictly in accordance with the provisions of the Design and Development Guidelines.

10.2 By acquiring any interest in an Affected Lot, the Owner of such Lot consents to and accepts the authority of the Design Review Committee to review and approve the plans and specifications for any Building Improvements on such Lot in accordance with the Design and Development Guidelines in effect from time to time. In particular, such Owner recognizes that certain of the judgments which will be made by the DRC are subjective in nature, and such Owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

ARTICLE 11. Miscellaneous

11.1 Duration of Supplemental Declaration: This Supplemental Declaration shall run with and bind the Affected Property, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner of an Affected Lot, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Supplemental Declaration is recorded. After such time, this Supplemental Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant and the Ranch Association upon the affirmative vote of the Class E Declarant Member, the Ranch Association Board, and 90% of the Owners of the Affected Lots, has been recorded within the year preceding each extension, agreeing to terminate this Supplemental Declaration, in which case this Supplemental Declaration shall be terminated as specified therein.

11.2 Amendment:

- (a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, the Declaration or this Supplemental Declaration, the Board shall have the power to

amend this Supplemental Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of this Supplemental Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** Thereafter and otherwise, this Supplemental Declaration may be amended upon the affirmative vote of 75% of the Owners of the Affected Lots and the approval of Declarant and the Ranch Association, by the recording of a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and the Ranch Association.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) **Validity and Effective Date of Amendments:** Amendments to this Supplemental Declaration shall become effective upon recordation in the land records of Valley County, Idaho, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplemental Declaration.

If an Owner consents to any amendment to this Supplemental Declaration or the Residential Association Articles of Incorporation or Bylaws, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the PUD; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

11.3 Effect of Provisions of Supplemental Declaration: Each provision of this Supplemental Declaration, and a promise, covenant and undertaking to comply with each such provision: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Affected Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Affected Property by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be; (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; (e) shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Affected property; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within the Affected property and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within the Affected Property which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

11.4 Enforcement and Remedies: Each provision of this Supplemental Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association as provided in Section 18.4 of the General Declaration.

11.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Supplemental Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said

office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Supplemental Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Supplemental Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

11.6 Limited Liability: Neither Declarant, the Ranch Association, the DRC, the Board of Directors of the Ranch Association, nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

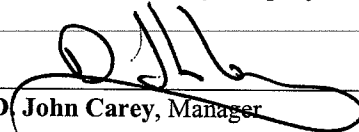
11.7 Successors and Assigns: Except as otherwise provided herein, this Supplemental Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner of an Affected Lot and their respective heirs, personal representatives, successors and assigns.

11.8 Severability: Invalidity or unenforceability of any provision of this Supplemental Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Supplemental Declaration.

11.9 No Waiver: Failure to enforce any provisions of this Supplemental Declaration shall not operate as a waiver of any such provision or of any other provision of this Supplemental Declaration.

IN WITNESS WHEREOF Declarant has executed this Supplemental Declaration the day and year first above written.

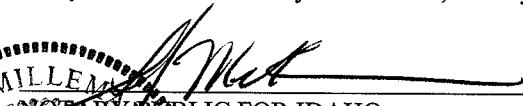
JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

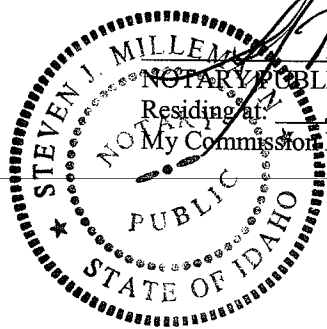
By: 
D. John Carey, Manager

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 25th day of October, 2004, before me, STEVEN J. MILLEMAN, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.


NOTARY PUBLIC FOR IDAHO
Residing at: McCall, Id.
My Commission Expires: 5/08

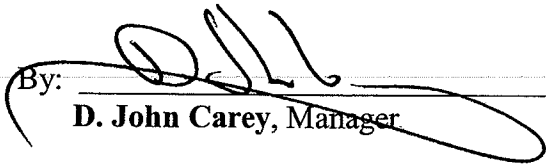


NOTICE
With Regard to Application of Real Estate Transfer Assessment to
Transfers of Real Property within
Jug Mountain Ranch Planned Unit Development

Transfers of real property within Jug Mountain Ranch Planned Unit Development are subject to a Real Estate Transfer Assessment, pursuant to Section 9.3(d) of the Bylaws of Jug Mountain Ranch Association, Inc., recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283343. Payment of this assessment may be enforced in any manner provided at law or in equity, including but not limited to by law suit and/or by a lien on the transferred property, pursuant to Section 8.5 of the above-referenced Bylaws. To determine the amount of the assessment, please contact the Jug Mountain Ranch Association, Inc., whose current address is P.O. Box 2332, McCall, Idaho 83638, and current phone number is (208) 634-5074.

DATED this 25th day of OCTOBER, 2004.


JUG MOUNTAIN RANCH LLC,
 An Idaho limited liability company

By: 
 D. John Carey, Manager

STATE OF IDAHO,)
) ss.
 County of Valley.)

On this 25th day of OCTOBER, 2004, before me, STEVEN J. MILLEMEANN a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



 NOTARY PUBLIC FOR IDAHO
 Residing at: McCall, Id
 My Commission Expires: May, 2008